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## BEFORE THE POSTAL REGULATORY COMMISSION WASHINGTON, DC 20268-0001

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|--------------------------------|---|--------------------|
| Annual Compliance Report, 2010 | ) | Docket No. ACR2010 |
|                                | ) |                    |

VALPAK DIRECT MARKETING SYSTEMS, INC. AND VALPAK DEALERS' ASSOCIATION, INC. ANSWER TO THE MOTION OF THE UNITED STATES POSTAL SERVICE REQUESTING STAY OF THE REMEDIAL PROVISIONS REGARDING STANDARD FLATS SET FORTH IN THE FY 2010 ANNUAL COMPLIANCE DETERMINATION (May 24, 2011)

On May 17, 2011, the Postal Service filed a motion requesting that the Commission stay its directive<sup>1</sup> for the Postal Service to present a schedule by June 27, 2011, for bringing the rates for Standard Mail Flats into compliance with PAEA.<sup>2</sup> On May 19, 2011, the Public Representative filed its answer to the Postal Service's motion, opposing the motion.

Valpak agrees with the position advanced by the Public Representative. Additionally, it points out that, in assessing the relative burdens on the parties, the Postal Service's only burden is to prepare and file a one-time "schedule of future above-CPI price increases for Standard Mail Flats" with the Commission, while the burden on mailers like Valpak — who do not use Standard Mail Flats and who must pay unnecessary cost coverages to subsidize badly

See Docket No. ACR2010, Annual Compliance Determination Report (Mar. 29, 2011), pp. 103-107.

Motion of the United States Postal Service Requesting Stay of the Remedial Provisions Regarding Standard Flats Set Forth in the FY 2010 Annual Compliance Determination, May 17, 2011.

underwater Standard Mail Flats — is considerable and continuing. The Commission found that Standard Mail Flats lost \$576,986,000 in FY2010, and these losses are currently paid for by other mailers. Granting the Postal Service's motion likely would result in a further postponement of any correction to these Commission-determined "noncompliant" prices.

The Postal Service's motion should be denied.

Respectfully submitted,

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